

COURSE CATALOG FOR PROPERTY TAX APPRAISERS

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CALIFORNIA STATE BOARD OF EQUALIZATION

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INTRODUCTION

Section 671 of the Revenue and Taxation Code requires that each holder of an appraiser's certificate complete at least 24 hours of training each year. Holders of an advanced appraiser's certificate must complete at least 12 hours of training each year. The courses of training must be conducted or approved by the California State Board of Equalization (Board). Section 671 also provides the Board with the authority to revoke appraisers' certificates when the required training hours have not been met.

The Board offers several courses designed to meet the training needs of appraisers during the first few years of employment. In addition, advanced courses pertaining to the **valuation of** specific property types are available for more experienced appraisers. We encourage appraisers to make course selections on the basis of specific training needs rather than on geographical convenience. Experienced appraisers who need information to remain current **in** the field of appraisal and **with** changes to property tax laws can also meet their needs by attending seminars and workshops.

This catalog contains descriptions of the courses and workshops that are provided by the Board. Not all courses and workshops listed are provided each year. They will be scheduled based on requests from the individual counties and availability of instructors. Various courses and workshops are undergoing revision, and new courses and workshops are being developed. As additional courses and workshops become available, county training coordinators will be notified.

The Training and Certification Unit of the Assessment Policy and Standards Division is committed to providing competent and meaningful training to all certified appraisers and auditor-appraisers. We welcome any suggestions or comments.

Training Credit for Board Courses

Revenue and Taxation Code section 671 requires that, in order to retain a valid appraiser's certificate, every holder shall complete at least 24 hours (12 hours for holders of advanced appraiser's certificates) of training each year. Hours from up to three previous years (two previous years for holders of advanced appraiser's certificates) may be used to satisfy this requirement. An appraiser who successfully completes a Board course or seminar is granted training credit by the department's Training and Certification Unit. A passing score on a final examination or a graded project is evidence of successful completion of a course. A student who does not take the final exam in a course will receive an "incomplete" grade. The Training and Certification Unit will not grant training hours until the student has completed the final exam. A student who fails the examination may receive training hours if the instructor concludes that the student made a serious attempt to learn the subject material and actively took part during the presentation of the course.

Advanced Appraiser Certification

Appraisers who have held permanent certification for at least three years are eligible for advanced certification if they meet one of the following requirements:

1. Hold a valid professional designation from an organization recognized by the Board (e.g., MAI, SREA or, SRPA); or
2. Follow a prescribed course of study that consists of at least six Board appraisal courses, or the equivalent, each consisting of a minimum of 24 hours of instruction, with at least two of those courses being recognized as "advanced." Courses eligible to be used toward advanced certification must have been completed with a passing grade.

Acceptance of Students in Board Courses

The Board may decline to enroll appraisers in courses that are inappropriate for their level of experience. An appraiser must meet the prerequisites for each course. Experienced appraisers requesting basic courses must provide a valid reason for attending the course. Appraisers may repeat a course for credit only after five years, and if a need for the training can be shown.

Calculators used in BOE Courses

When calculators are specified as requirements for courses, only the usage of Hewlett Packard HP-12C, HP-17B, or HP-19B will be discussed in the courses. Other models and brands may be used as long as the students already know how to use their own calculators. The calculators must be able to perform the following standard financial functions:

- Future Worth of \$1,
- Future Worth of \$1 per Period,
- Present Worth of \$1,
- Present Worth of \$1 per Period,
- Sinking Fund Factor, and
- Periodic Repayment.

For Course 120, the calculator must be able to perform the standard financial functions as well as have the capability to calculate net present value (NPV) and internal rate of return (IRR).

LIST OF COURSES

Appraisal Courses

	Title	Total Hours for Course	
1	<i>Introduction to Appraising for Property Tax Purposes</i>	Instructional Hours: 28 Exam Hours: 2	Total: 30
2A	<i>Replacement Cost Estimating of Residential Structures</i>	Instructional Hours: 22 Exam Hours: 2	Total: 24
2B	<i>Replacement Cost Estimating of Commercial and Industrial Structures</i>	Instructional Hours: 22 Exam Hours: 2	Total: 24
3	<i>Residential Appraisal Procedures</i>	Instructional Hours: 22 Exam Hours: 2	Total: 24
5	<i>Income Approach to Value</i>	Instructional Hours: 28 Exam Hours: 3	Total: 31
7	<i>Appraisal of Agricultural Property</i>	Instructional Hours: 28 Exam Hours: 3	Total: 31
8	<i>Appraisal of Machinery and Equipment</i>	Instructional Hours: 28 Exam Hours: 2	Total: 30
9	<i>Appraisal of Taxable Possessory Interests</i>	Instructional Hours: 28 Exam Hours: 4	Total: 32
18	<i>Auditing Procedures</i>	Instructional Hours: 28 Exam Hours: 2	Total: 30
28	<i>Advanced Auditing</i>	Instructional Hours: 28 Exam Hours: 4	Total: 32
52	<i>Valuation of Restricted (Open-Space) Lands</i>	Instructional Hours: 28 Exam Hours: 3	Total: 31
56	<i>Advanced Sales Comparison and Income Capitalization Approaches</i>	Instructional Hours: 28 Exam Hours: 3	Total: 31
120	<i>Investment Mathematics and Financial Calculators</i>	Instructional Hours: 28 Exam Hours: 4	Total: 32

LISTS OF WORKSHOPS

	Title	Total Hours for Workshops
5A	<i>Income Approach Refresher Course</i>	Total: 12
HP 12-C	<i>Mechanics of HP 12-C Calculator</i>	Total: 12
	<i>Manufactured Homes</i>	Total: 12
AAB	<i>Assessment Appeal Board Training</i>	Total: 12

COURSE DESCRIPTIONS

COURSE 1 — Introduction to Appraising for Property Tax Purposes

This course introduces new real property appraisers and auditor-appraisers to the fundamentals of appraising for property tax purposes. The various appraisal approaches and significant appraisal principles for all types of property are presented. The course covers the following topics: the economic aspects and legal definitions of market value, California Property Tax Laws, and California Property Tax Rules. This 28-hour course concludes with the 2 hour certification examination.

This course is taken within 1 year of receiving temporary certification. It could be preceded by instruction in cost estimating procedures and/or sales comparison techniques (Course 2A and 3). Thirty hours of credit will be granted upon successful completion of this course and the State Board of Equalization's Appraiser Certification Exam.

Pre-reading: Students should be familiar with Assessors' Handbook Section 501, *Basic Appraisal*.

Prerequisites: None

COURSE 2A — Replacement Cost Estimating of Residential Structures

Course 2A is designed to acquaint beginning real property appraisers and auditor-appraisers with recommended methods and procedures to use when making replacement cost estimates of single and multiple-family residences.

This course begins with a review of the cost concept and then provides instruction in the use of the Standard Classification System for residential buildings. Through case studies, the students will learn to select and apply unit costs from the Assessors' Handbook Section 531, *Residential Building Costs*.

The course covers techniques for recognizing and estimating depreciation. The course consists of 22 hours of instruction plus a 2 hour examination.

Pre-reading: None

Prerequisites: None

COURSE 2B — Replacement Cost Estimating of Commercial and Industrial Structures

Course 2B is designed to acquaint real property appraisers on the use of the Marshall and Swift Cost Manual to properly estimate the cost of commercial and industrial properties. The course begins with a discussion of the cost concept, different types of depreciation, various types of building materials, and classes of construction. The students will estimate the replacement cost of different types of buildings, including estimating depreciation.

Twenty-four hours of continuing education credit will be granted assuming the student passes the 2 hour final examination.

Pre-reading: None

Prerequisites: None

COURSE 3 — Residential Appraisal Procedures

Course 3 provides instruction in appraisal procedures with an emphasis on the comparative sales approach. This course focuses on the appraisal of single-family residential property. It includes some exposure to market analysis procedures for income-producing residential properties. Students learn to analyze and adjust sales to reflect market value and conditions, including cash equivalent procedures. They will study methods of estimating land value and learn to make sales comparisons with properties selected for reappraisal.

Students practice these techniques and reconcile the indicators of value into value conclusions as they solve drill problems. This 20-hour course concludes with a 2 hour examination.

Pre-reading: Students should study Assessors' Handbook Sections 501, *Basic Appraisal*, and 503, *Cash Equivalent Analysis*, prior to attending class.

Prerequisites: None

COURSE 5 — Income Approach to Value

Course 5 is designed to meet the needs of the real property appraiser or auditor-appraiser with [little](#) or no experience in the appraisal of income-producing properties. It offers an explanation of the basic assumptions of the income approach and takes the appraiser through the various steps of the capitalization process for both real and personal property

Students are shown recommended methods of collecting and recording information that is to be analyzed and processed in the income approach. They learn how to estimate the gross income of a property and to process that estimate into an estimate of net income. Then, they learn the various techniques for extracting rates and income multipliers, and how to capitalize income estimates into indicators of value. The students are called upon to demonstrate these techniques

as they solve drill problems. A 3 hour examination is given at the conclusion of this 28 hour course.

Pre-reading: Assessors' Handbook Section 501, *Basic Appraisal*; Assessors' Handbook Section 502, *Advanced Appraisal*; and Property Tax Rule 8.

Prerequisites: None

COURSE 7 — Appraisal of Agricultural Property

Course 7 is designed to provide real property appraisers and auditor-appraisers with an overview of the methods and techniques of appraising agricultural properties. This course is for students with limited experience in appraising these types of properties. It presents an introduction into the nature of agricultural properties and the characteristics of value that distinguish these properties from other property types. The course offers a review of the appraisal processes for valuing agricultural property. This course consists of 28 hours of instruction, followed by a 3 hour examination.

Specific agricultural property types covered in this course include row crop and field crop land, dry farm and grazing land. Students solve drill problems specific to the needs of the agricultural appraiser, and should expect homework assignments.

Pre-reading: The first six chapters of Assessors' Handbook Section 521, *Assessment of Agricultural and Open-Space Properties*

Prerequisites: Course 5, Income Approach to Value; or an equivalent course

COURSE 8 — Appraisal of Machinery and Equipment

Course 8 introduces the beginning auditor-appraiser and, upon special request, real property appraisers to the fundamental concepts used in the appraisal of machinery and equipment. This course begins with a short review of value concepts and the pertinent provisions of the Revenue and Taxation Code and California Property Tax Rules. This course focuses on the classification of equipment as either improvements or personal property. Students are taught to recognize and estimate depreciation and to prepare and compare market value estimates with base year values. The course describes methods of collecting and processing data. This course consists of 28 hours of instruction plus a 2 hour examination.

Pre-reading: None

Prerequisites: None

COURSE 9 — Appraisal of Taxable Possessory Interests

This course presents a comprehensive study of the appraisal of private interests in publicly-owned real property. The course is designed primarily for **experienced** real property appraisers and auditor-appraisers whose responsibilities include the appraisals of possessory interests. The course explains the nature of such interests, the legal basis for their assessment in California, and the effect of judicial decisions on the appraisal and assessment of possessory interests. The various types of possessory interests and the types of properties on which they are created are described. The student receives suggestions on how to discover such interests and techniques for appraising them. They will learn both direct and indirect methods of capitalizing income and processing sales information into indicators of value of possessory interests. The students then apply these methods in the solution of drill problems. A 4 hour examination is given at the conclusion of this 28 hour course.

Pre-reading: Revenue and Taxation Code sections 61 and 62, Property Tax Rule 462.080, and Property Tax Rules pertaining to Possessory Interests

Prerequisites: Course 5, Income Approach to Value; or an equivalent course

COURSE 18 — Auditing Procedures

Course 18 offers auditor-appraisers and, upon special request, real property appraisers an opportunity to learn step-by-step auditing procedures and techniques for performing property tax audits. Students will learn how to set up standardized working papers and how to submit a standardized audit report with the appraisal. Selection of audits and the need for good public relations are among the topics discussed. This course consists of 28 hours of instruction plus a 2 hour examination.

Pre-reading: None

Prerequisites: Course 8, Appraisal of Machinery and Equipment, or an equivalent course

COURSE 28 — Advanced Auditing

Course 28 is an advanced auditing class that includes more in-depth studies in equipment and supplies auditing. This course covers auditing procedures, write-ups, and valuation concepts. This course also includes special topics such as commercial aircraft auditing, trade level, supplies, and others. This is a 28 hour course with a 4 hour examination.

Pre-reading: None

Prerequisites: Course 8, Appraisal of Machinery and Equipment and Course 18, Auditing Procedures.

COURSE 52 — Valuation of Restricted (Open-Space) Lands

Course 52 is designed to meet the needs of **experienced** real property appraisers and auditor-appraisers that have limited experience in the valuation of properties subject to open-space contracts. In the course, students review legislative changes involving the valuation of open-space property. The proper applications for the valuation of properties that have open-space restrictions are presented in the class. Students review problem areas associated with the application of existing open-space statutes. Drill and case study problems will be selected to suit the needs of the students in attendance. Students should expect homework assignments. This 28 hour course will conclude with a 3 hour final examination.

Pre-reading: Assessors' Handbook Section 521, *Assessment of Agricultural and Open-Space Properties*

Prerequisites: Course 5, Income Approach to Value; and Course 7, Appraisal of Agricultural Property; or equivalent courses

COURSE 56 — Advanced Sales Comparison and Income Capitalization Approaches

Course 56 is designed for real property appraisers and auditor-appraisers actively involved in the appraisal of income-producing properties. The course is developed around case studies and other drill problems. In order to solve case study problems, participants must draw from their experience and consider a number of factors that can influence the sale price of such properties. In addition, students will discuss special topics such as the appraisal of low-income housing. Other subjects include selection of capitalization methods, techniques, and rates that are appropriate for valuing different types of properties. The 28 hour course concludes with a 3 hour examination.

Course 56 is **not** a review of the income approach to value; it is a course in the appraisal of properties that are purchased for the income they produce. The comparative sales approach and different income approach techniques will be presented. **It should not be taken as a review course;** an appraiser who wants a review of the income approach to value should take Workshop 5A.

Pre-reading: Assessor's Handbook Section 502, *Advanced Appraisal*

Prerequisites: Course 5, Income Approach to Value, or an equivalent course, and at least three years of experience in the appraisal of income-producing properties

COURSE 120 — Investment Mathematics and Financial Calculators

The objective of this course is to train real property appraisers and auditor-appraisers in various mathematical procedures used in the valuation of income-producing property. Emphasis will be placed on the uses of compound interest tables and the financial calculator. Subjects included are:

- ◆ Derivation and relationship of compound interest rates and factors,
- ◆ Estimation of cash equivalency,
- ◆ Calculation of remaining loan balances,
- ◆ Cash Flow Diagrams,
- ◆ Discounted Cash Flow analysis,
- ◆ Net Present Value
- ◆ Derivation of Internal Rates of Return

This course will be of benefit to appraisers whose duties include the valuation of relatively large income-producing properties. It will also benefit appraisers involved in making cash equivalency adjustments to the sold properties used in appraising property.

A basic knowledge of algebra is essential to comprehend the information in this course.

Those without an algebra background should not register for this course. The 28 hour course will conclude with a 4 hour written examination. A financial calculator is required for this course. Recommended financial calculators: HP-12C, HP-17B, or HP-19B.

Pre-reading: None

Prerequisites: Course 5, Income Approach to Value, or an equivalent course, plus HP 12-C Workshop.

WORKSHOP DESCRIPTIONS

WORKSHOP 5A — Income Approach to Value, Refresher Workshop

This 12 hour course is a refresher for appraisers who have completed Course 5, Income Approach to Value. The course uses case study drill problems to emphasize the method and techniques presented in Course 5.

Prerequisite: Course 5

WORKSHOP The Appraisal of Manufactured Homes

This 12 hour workshop is designed to aid the real property appraiser in the valuation of manufactured housing for tax purposes. Through the use of case studies all valuation approaches are discussed.

Prerequisite: None

12C The Mechanics of the HP-12C Workshop

The purpose of this 12 hour workshop is to introduce the use of the HP-12C financial calculator, which is commonly used by commercial real estate professionals.

The basic features of the calculator will be introduced through demonstration by using a number of examples and problems. The central theme of the workshop is the HP-12C calculator. While several alternative machines, including the HP-10, HP-17BII, and HP-19BII are available, they will not be covered.

The objective of the workshop is to expose the student to many of the basic features of this calculator, so that the student may determine which features are important to his or her professional tasks. A second objective is to give the student sufficient basic skills to allow the student to utilize this calculator in the student's continuing education.

Prerequisite: None

A HP-12C financial calculator is required for this workshop.

AAB – Assessment Appeals Board Workshop for Assessor Personnel

This workshop is intended for new Assessment Appeals Board Members.

Prerequisite: Be a member of an Assessment Appeals Board